1. Banks have been impressed upon to institute a viable recovery system with a view to help recycling the scarce resources of the banks to the needy and productive sectors of the economy on the one band and to improve the profitability and viability of the lending banks, on the other.

2. Introduction of comprehensive and uniform grading system to indicate the health of individual advances for the purpose of their effective monitoring and follow up.

3. To keep a watch on the recovery of top sticky accounts.

4. Taking corrective action where advances are found to have become sticky.

5. Recently, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 has been enacted for expeditious adjudication and recovery of debts due to banks and for matter conected therewith or incidental thereto.

In this connection it may be stated that banks grant advances for the viablevantures to various sectors of economy after assessing their need base credit requirements. However, there is likelihood that some accounts unit may become sticky/sick due to factors often beyond the control of the banks. Weaknesses in internal control, inadequate credit appraisal and post disbursement supervision are also causes for some advances becoming sticky.

Foreign investment and technology Collaboration

476. SHRI H. HANUMANTHAPPA: Will the Minister of FINANCE be pleased to state:

(a) what is the total number of proposals cleared by R.B.I. for foreign investment and technology collaboration during the last two years; and

(b) what are the results achieved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) The total number of proposals cleared by R.B.I. after the announcement of the New Industrial Policy, is as follows:

Year	No. of proposals for investment	No. of proposals for technology transfer
1991 (Sept.-Dec.)	40	183
1992	249	597

(b) The results are encouraging as there has been significant increase in the approvals accorded for foreign investment.

477. (*Transferred to 13th December, 1993*)

Setting up of non-Government Banks

478. SHRI JAGDISH PRASAD MATHUR:

SHRI GURUDAS DAS GUPTA:

SHRI CHATURANAN MISHRA:

Will the Minister of FINANCE be pleased to state:

(a) whether any decision has been taken to permit setting up of non-Government banks;

(b) whether foreign nationals and institutions are also likely to be permitted to operate; if so, under what conditions; and

(c) what are the names of Indian and foreign entrepreneurs who have made a bid to establish banks and the areas they intend to operate in?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND

MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) A foreign banking company of finance company would be allowed to participate as a technical collaborator or a co-promoter. Their participation in the primary equity of the new private sector bank will be restricted to 20 per cent.

(c) Consequent upon issue of guidelines for setting up new banks in the private sector, RBI have received 140 proposals|applications. Such request have been received from financial institutions, corporate bodies, firms/associations and individuals. The break up in this regard is given below:—

1.	Financial institutions . .	5
2.	Finance Companies . .	38
3.	Other corporate bodies . .	22
4.	Firms/Trust/Associations .	27
5.	Individuals . .	48
		140

The proposed new banks will attend to core banking activities.

Setting up of private banks in the country

479. SHRI VITHALBHAI M. PATEL: Will the Minister of FINANCE be pleased to state:

(a) how many applications have been received by the Reserve Bank of India to set up private banks in the country;

(b) how many applications, out of the above, have been cleared so far by the Reserve Bank of India;

(c) the number of applications which are pending and how many have been rejected;

(d) whether it is also a fact that the Reserve Bank of India has received suggestions for the liberalisation of terms and conditions for setting up private banks; and

(e) what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) As on 31.10.93, the Reserve Bank of India (RBI) had received 140 applications/proposals for setting up new banks in the private sector. Out of these only 19 are in the prescribed form.

(b) RBI have given 'in principle' approval in the case of four applications.

(c) No application has so far been rejected by Reserve Bank of India. Remaining applications|proposals are at various stages of processing.

(d) and (e) Reserve Bank of India have received certain suggestions for liberalisation of terms and conditions for setting up new banks in the private sector. These suggestions are receiving the attention of the Government and the Reserve Bank of India.

Rise in inflation rate

480. SHRIMATI VEENA VERMA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that inflation rate has been rising higher and higher since August this year;

(b) if so, what is the weekly increases registered since August, 1993 and the corresponding wholesale price index readings; indicating the component-wise increasesis;

(c) the main reasons for the rise in inflation and the commodity-wise prices; and

(d) The steps taken to effectively curb the trend?